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BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

T.R.A. DOCKET ROOM

IN RE PETITION OF ATMOS ENERGY
CORPORATION FOR APPROVAL OF
FRANCHISE AGREEMENT WITH
COLUMBIA, TENNESSEE

DOCKET NO. 04-00318

PETITION OF ATMOS ENERGY CORPORATION FOR APPROVAL OF
FRANCHISE AGREEMENT WITH COLUMBIA, TENNESSEE

Atmos Energy Corporation ("Atmos" or "the Company") hereby petitions the Tennessee Regulatory Authority ("TRA") pursuant to Tenn. Code Ann. § 65-4-107 and requests approval of a franchise agreement with Columbia, Tennessee. In support of this Petition, Atmos states the following:

1. Atmos is a corporation organized and existing under the laws of the State of Texas and the Commonwealth of Virginia, and qualified to do business in Tennessee. Atmos' principal place of business is located at 810 Crescent Centre Drive, Suite 600, Franklin, Tennessee 37067.

2. Atmos is engaged in the public utility business of furnishing natural gas to customers in numerous counties and cities in Tennessee.

3. On May 20, 2004, the City Council of the City of Columbia, Tennessee passed Ordinance No. 3551 granting Atmos a non-exclusive franchise to use the public rights-of-way of Columbia for the purposes of operating and maintaining a natural gas transmission system and

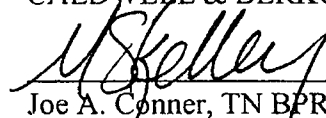
providing natural gas service to residents of the City of Columbia. The franchise embodied in Ordinance No. 3551 was duly accepted by Atmos on July 19, 2004. A copy of Ordinance No. 3551 and the Company's acceptance is attached hereto as Exhibit A.

4. The ordinance grants Atmos a franchise for the term of 10 years. The ordinance provides that Atmos will collect a franchise fee of 5% gross receipts derived from the sale of and distribution of natural gas within the Columbia city limits.

5. The franchise grant embodied in Ordinance No. 3551 is necessary and proper for the public convenience and properly conserves the public interest

Wherefore, Atmos respectfully requests that the franchise agreement embodied in the attached ordinance be approved.

BAKER, DONELSON, BEARMAN
CALDWELL & BERKOWITZ



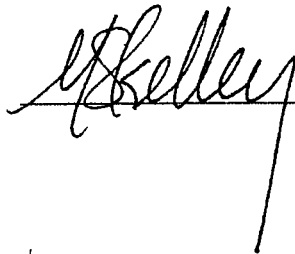
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(423) 209-4148
(423) 752-9549
mkelley@bakerdonelson.com
Attorneys for Atmos Energy Corporation

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been mailed, postage prepaid, to the following parties of interest this 28th day of September, 2004.

Richard Collier
General Counsel, Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Timothy C. Phillips
Office of Attorney General and Reporter
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, TN 37202



A handwritten signature, appearing to read "J. Kelley", is written over a horizontal line. A vertical line extends downwards from the signature.

ACCEPTANCE OF FRANCHISE

City of Columbia, Tennessee

TO: City Recorder
Columbia, Tennessee

Atmos Energy Corporation hereby respectfully files with you its written acceptance of the franchise adopted by the Mayor and City Council of the City of Columbia, Tennessee, dated May 20, 2004, entitled:

ORDINANCE NO. 3551

AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF COLUMBIA, MAURY COUNTY, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF COLUMBIA, MAURY COUNTY, TENNESSEE.

and all the rights and privileges, terms and provisions therein contained.

IN WITNESS WHEREOF, United Cities Gas Company, a division of Atmos Energy Corporation, has caused this instrument to be signed by its President on this 19th day of July, 2004.

ATMOS ENERGY CORPORATION

By Thomas R. Blose, Jr.
Thomas R. Blose, Jr.
President (Mid-States Division)



RECEIPT

TO: ATMOS ENERGY CORPORATION

The Undersigned, City Clerk of the City of Columbia, Maury County, Tennessee hereby acknowledges receipt of an instrument of acceptance of a certain gas franchise ordinance signed by the President of the Mid-States Division of Atmos Energy Corporation, and that the acceptance of such franchise ordinance was delivered to the undersigned as City Clerk of said City on the 27th day of July, 2004, and is now held as part of the records of said City.

WITNESS the hand of said City Clerk and the seal of said City on this 27th day of July, 2004.


City Clerk

AN ORDINANCE GRANTING TO ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF COLUMBIA, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF COLUMBIA, TENNESSEE.

WHEREAS, the City Council is authorized to enter into franchise agreements with providers of natural gas and other utilities, and

WHEREAS, it is in the best interest of the City of Columbia and its residents to enter into such a franchise agreement;

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF COLUMBIA, as follows:

SECTION 1. There is hereby granted to Atmos Energy Corporation, a corporation organized and existing under the laws of the State of Texas, and the Commonwealth of Virginia, its successors and assigns (hereinafter for convenience referred to as "Company"), the right, authority, privilege and franchise to serve the City of Columbia (hereinafter for convenience referred to as "Municipality"), and in the providing of such natural gas service to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the distribution of gas, in, upon, under, along, across and over the highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds in the present or future corporate limits of the Municipality, for the supplying and selling of gas and its by-products to said Municipality and the inhabitants, institutions and businesses thereof, and for such purposes to construct, lay down, maintain, and operate all necessary gas mains, service pipes and other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such to said Municipality and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used, for a period of ten (10) years from and after the passage and approval of this Ordinance.

SECTION II: As consideration for the grant of the franchise and rights herein and for the use by Company of the streets, roads, highways, alleys, public ways and other real property owned or controlled by the Municipality, Company shall pay to Municipality semi-annually, on or before January 31st and July 31st of each year during the term hereof, a franchise fee equal to five percent (5%) of Company's gross receipts derived from the sale and distribution by Company of natural gas within the city limits of the Municipality during the preceding calendar year.

The Municipality shall have access at all reasonable times, upon reasonable advance notice, to the relevant books of the Company for the purpose of ascertaining the amount of franchise fee due the Municipality. The Company shall furnish (not more than once each year) to the Municipality a report showing the amount of gross revenues from Company's sale of gas within the Municipality annually.

The franchise fee provided herein, together with any and all charges of the Municipality for water, sewage and garbage services provided by the Municipality to Company, any and all sales taxes collected by Company, and any and all ad valorem taxes assessed by the Municipality against Company's property, shall constitute the only amounts for which Company shall be obligated to pay to the Municipality and shall be in lieu of any and all other costs, levies, assessments, fees or other amounts, of any kind whatsoever, that the Municipality, currently or in the future, may charge Company or assess against Company's property.

SECTION III. All gas mains, service pipes, fixtures, facilities and other appliances so laid, constructed and maintained by virtue of this Ordinance, shall be so laid, constructed and maintained in accordance with all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering profession and in accordance with any applicable Statutes of the State of Tennessee and the Rules and Regulations of the Tennessee Regulatory Authority or of any other governmental regulatory commission, board or agency having jurisdiction over the Company. Said facilities shall be constructed as not to interfere with the drainage of said Municipality or unreasonably interfere with or injure any sewer or any other improvement which said Municipality has heretofore made or may hereafter make in, upon or along any highway, street, avenue, road, alley, lane, way, utility easement,

parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds of said Municipality, and shall conform to the grade as then or hereafter established. The Company agrees to attempt to utilize known right-of-way whenever practical before resorting to right of condemnation to which the Company may be entitled to utilize by law.

SECTION IV. When the streets, avenues, alleys and other public ways are opened, or any other opening is made by the Company within the Municipality, whether the same be made for the purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of the Company, the Company shall place and maintain necessary safety devices, barriers, lights and warnings to properly notify persons of any dangers resulting from such entrances, and shall comply with applicable safety regulations required by federal, state and local laws.

SECTION V. In the event it becomes necessary or expedient for the Municipality to change the course or grade of any highway, street, avenue, road, alley, way, parkway, or other public ground in which the Company is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of the Municipality, the Company will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration.

SECTION VI. Whenever the Company wishes to enter upon any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground for the purpose of constructing, replacing or repairing any gas mains, pipes, or other appliances, it will, if the Municipality desires, notify the Municipality and file a plan or map of the proposed work, if practicable, before commencing same. Whenever any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public way shall be entered, dug up or disturbed by the Company, the Company shall, at its expense and as soon as possible after the work is completed, restore such highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground in as good condition as existed before the work was done and to the reasonable satisfaction of the Municipality. In the event the Company shall fail to fulfill its obligations under this Section, the Municipality, after giving the Company reasonable

written notice, and failure of the Company to make such repairs or restoration, may make the necessary restoration or repairs itself and the Company shall be liable for the cost of same.

The provisions of this Section shall not be applied or interpreted in such a way as to prevent or delay Company work that may be required as a result of any emergency, leak or other immediate hazard or danger. Likewise, the provisions of this Section anticipate that the Company shall not be unreasonably denied permission to perform necessary work.

SECTION VII. The Company shall at all times indemnify and hold harmless the Municipality from and against any and all lawful claims for injury to any person or property by reason of the Company or its employees' failure to exercise due care and diligence in and about the installing and maintenance of said system, guarding trenches and excavation while said system is being installed or subsequent extensions, repairs or alterations are being made or generally in the operation and maintenance of said system, provided the Company shall have been notified in writing of any claim against the Municipality on account thereof, and shall have been afforded the opportunity fully to defend the same.

SECTION VIII. The Municipality and the Company hereby agree that this Ordinance shall from time to time be subject to rules and regulations adopted by the Company and approved by the Tennessee Regulatory Authority or any other regulatory body having jurisdiction thereof during the term of this Ordinance, and shall also be subject to all Rules and Regulations adopted and approved by the Tennessee Regulatory Authority or any other regulatory body and that all such Rules and Regulations shall be and become a part of this Ordinance to the same extent and with the same effect as if said Rules and Regulations were herein set out in full. The Company shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the Tennessee Regulatory Authority, or any other regulatory body having jurisdiction thereof during the term of this Ordinance.

SECTION IX. Nothing herein contained shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing or removing gas pipes,

mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats of any portion of said Municipality heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever.

SECTION X. If any section, or portion of any section, of this Ordinance shall hereafter be declared or determined by any court of competent authority to be invalid, the Company and the Municipality at their election may ratify or confirm the remaining portions of this Ordinance, and upon such ratification or confirmation the remaining portions of this Ordinance shall remain in full force and effect.

SECTION XI. The Company shall, within sixty (60) days after the passage of the Ordinance, file with the City Recorder or other appropriate official of the Municipality its unconditional acceptance, signed by its President, of the terms and conditions of this Ordinance. After filing of such acceptance, this Ordinance shall constitute a contract between the parties thereto and shall, subject to the rights and powers vested in the Tennessee Regulatory Authority or such other regulatory body of the State of Tennessee as may hereafter succeed to the rights and powers of the Tennessee Regulatory Authority or as may exercise statutory jurisdiction of gas companies furnishing gas service in the State of Tennessee, be the measure of the rights, powers, obligations, privileges and liabilities of said Municipality and of said Company.

SECTION XII. All the privileges given and obligations created by this Ordinance shall be binding upon the successors and assigns of the Company.

SECTION XIII. This new Ordinance shall take effect sixty (60) days from the date of its passage on third (3rd) reading.

SECTION XIV. All ordinances or parts of ordinances in conflict herewith are hereby repealed.


PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF COLUMBIA,
TENNESSEE, THIS 20 DAY OF May, 2004.


BARBARA MCINTYRE, MAYOR

ATTEST:


BETTY R. MODRALL, CITY RECORDER

LEGAL FORM APPROVED:


C. TIM TISHER, CITY ATTORNEY